

City of Asheville North Carolina



Agenda

- FY12 Preliminary Results
 - General Fund Operating & Capital
 - Other Funds
- FY14 Preliminary Forecasting
- FY14 Capital Improvement Planning

FY14 Preliminary Forecast: General Fund Operating



Carmen Wilkerson poses Sept. 17 in the former St. George City Hall in what is now St. Louis County, Mo. The small town of 1,200 disbanded last year. JEFF ROBERSON/AP

MORE ON DISSOLUTIONS

» Kansas had the most pronounced decline in recent years, the U.S. census found, from 1,353 in 2007 to 1,268 in 2012 — a loss of 85 municipalities.

» In the past 10 years, nearly 200 small cities have considered dissolution in 39 states, said Michelle Wilde Anderson, who in March published a study on towns dissolving.

» Several states don't allow dissolutions, Anderson said.

Fewer municipalities can afford to exist

By Manuel Valdes
Associated Press

Carmen Wilkerson ran for mayor of St. George with one clear goal in mind for the tiny Missouri town: Get rid of it.

Like many of St. George's 1,200 residents, the paralegal had dreaded the thought of having to pay more taxes for a backlog of road fixes. So she campaigned for mayor in the spring of 2011 with a slogan — "Save Us From Our City" — touting disincorporation. She won, and the following November, residents voted by a nearly 3-to-1 margin to dissolve the town.

"We had the choice of raising our taxes by \$300 per year per household for five years just to replace our streets, or dissolve and

have the county do it for a very a small tax increase," Wilkerson said.

In 2008, St. George — known as a local speed trap — had spent \$200,000 more than it took into its coffers, according to county records. That was counting the traffic tickets the small police department was overzealous in issuing.

In its budget woes, St. George is far from alone.

Amid a tough economy, a growing number of small municipalities have had to consider that most extreme of measures — dissolution — to cut costs for local residents. Ten states had fewer townships because of mergers and consolidations, which include dissolutions, between 2007 and 2012, the U.S. Census Bureau found in its prelimi-

nary 2012 Census of Governments, a count undertaken every five years.

"What is driving a decision is different in every community, but in almost all the cases at this time, it's the economy," said Vicki Brown, one of the researchers at Rochester, N.Y.-based Center for Governmental Research, a consulting firm working with several communities in the country's northeast corner considering dissolution.

An assistant professor at the University of California, Berkeley law school found that the past 15 years saw more than half of the dissolutions ever recorded, and since 2000, nearly as many municipal governments dissolved as were formed.

"Fiscal strain on local

governments has definitely been amplified by the foreclosure crisis that began in 2006, but local fiscal crisis has longer, deeper roots in falling local aid from federal and state governments since the 1980s, antitax measures passed in most states since the late 1970s," said Michelle Wilde Anderson, who in March published a study on towns dissolving.

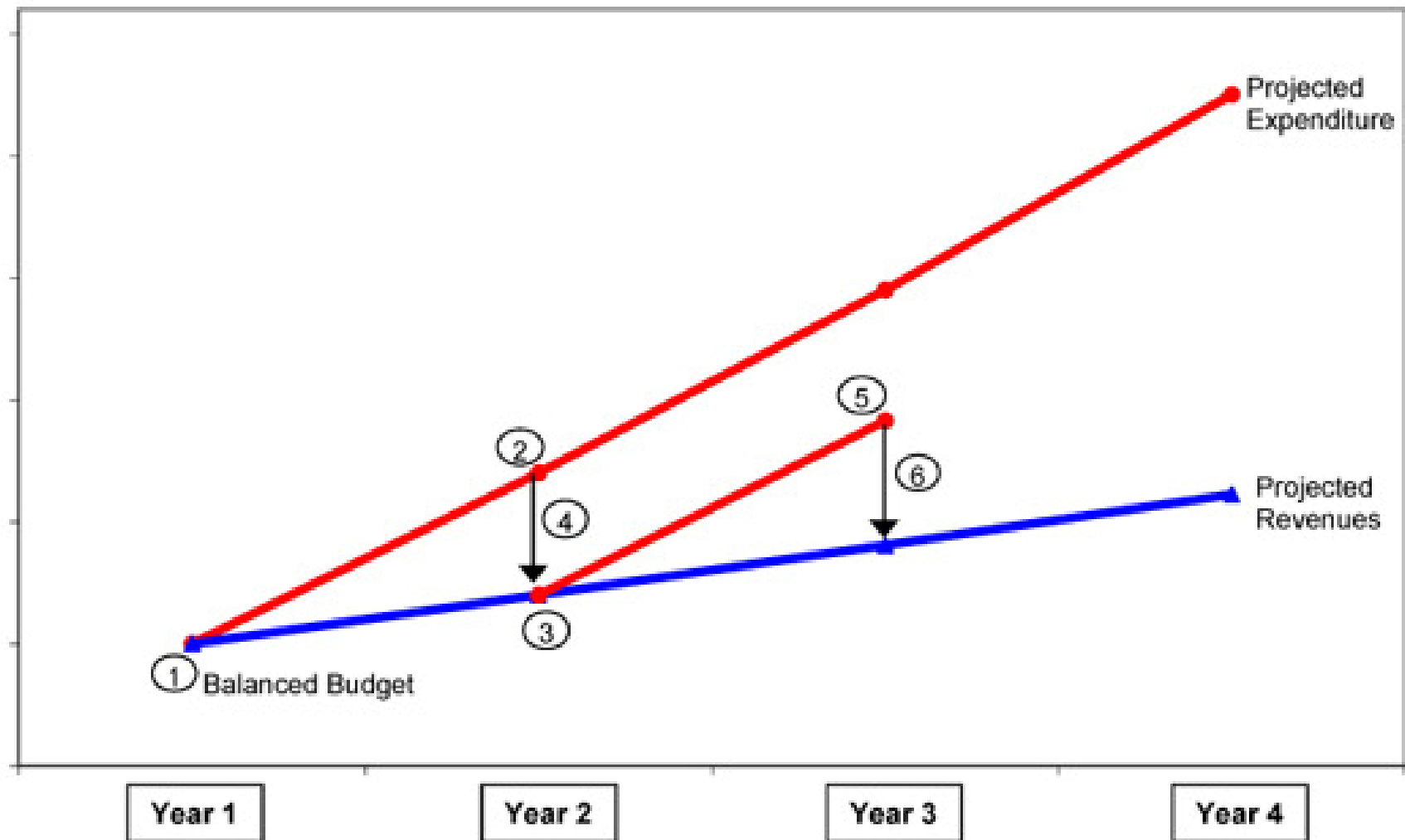
Lack of growth in small communities with the rising cost of services and a shrinking tax base are some of the common issues found among municipalities considering dissolution. In many towns, trouble also appeared when a certain industry was booming, then went away — taking the town's revenues with it.

FY14 Preliminary Forecast: General Fund Operating

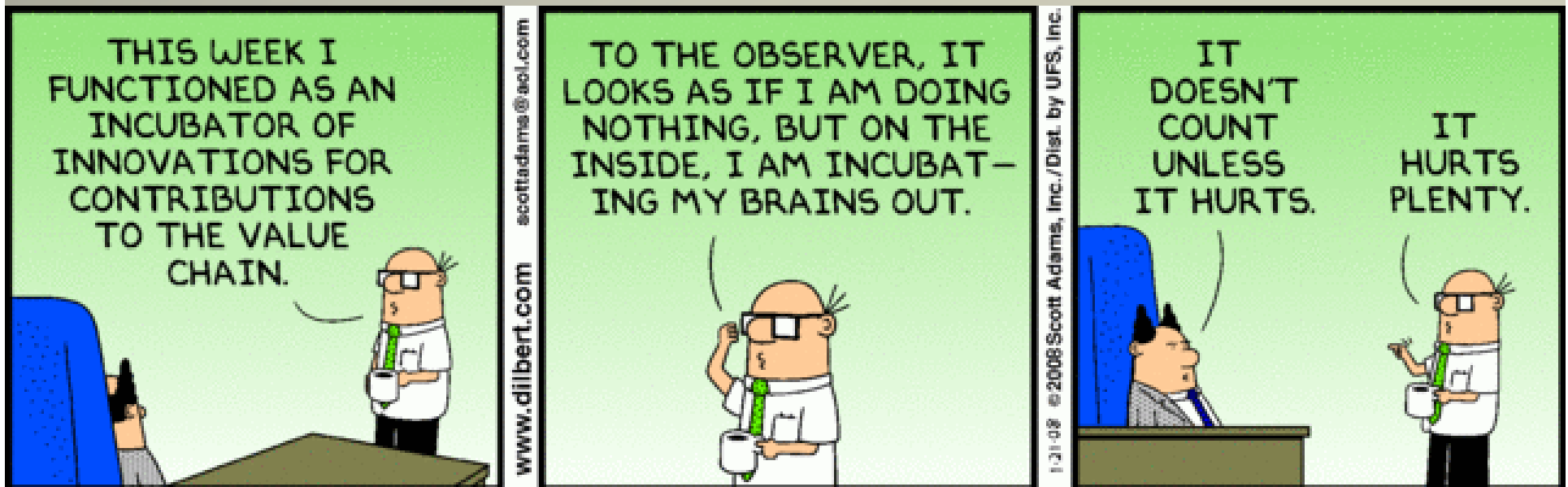
- No expectation for revenue growth to exceed last budget cycle (less than \$1 million)
 - 3% cost of living: \$1,600,000
 - Healthcare increase: \$500,000
 - NCLGERS increase: \$260,000
- Market-based salary analysis funded in FY 12-13 to provide data for salary recommendations; Study of 55 job classifications to be completed by December 2012

FY14 : Why do we keep having this conversation?

Illustration of structural gap



FY14 Preliminary Forecast: So what do we do?



FY14 Preliminary Forecast: So what do we do?



FY12 Preliminary Results: General Fund Operating

- Better than budget performance due to managing expenditures
 - Revenues came in at 100% of budget
 - Expenditures came in at 97% of budget
 - o Savings in utilities (\$375K), Salaries (\$200K), Closing POs and contracts (\$165K), Other operating costs
- Unassigned fund balance: 16%
 - Around \$800,000

FY12 Preliminary Results: General Fund Capital

Closed pay-go projects	\$337,000
Budget savings from debt projects	<u>\$825,000</u>
Total available	\$1,145,000

FY12 Preliminary Results: Other Funds

Fund	Revenues Over (Under) Expenditures
Civic Center	(\$246,937)
Golf	(\$66,191)
Parking	\$966,589
Stormwater	\$508,731
Street Cut	(\$50,259)
Transit	\$120,515
Water	\$3,910,000

FY14 Preliminary Forecast: General Fund Capital

- Debt capacity: \$10.4 million
- Pay-as-you-go: \$2,818,225
- Previous priorities identified
 - Radio infrastructure replacement (\$4.5-7 million)
 - Vehicle replacement (\$2 million)
 - DOT sidewalk projects (\$2 million)

Capital Improvement Planning Schedule

FY2014 Capital Improvement Planning Schedule			
	20-Sep	CIP Forms distributed internally	
	25-Sep	Finance Committee: review revenue, process, forms, calendar	
20-Sep	11-Oct	CIP Teams develop prioritized list of requests	3 weeks
	12-Oct	Teams submit requests to Budget Office	
15-Oct	19-Oct	Budget enters request into scoring database	1 week
22-Oct	26-Oct	Management Team scores CIP projects	1 week
29-Oct	2-Nov	Budget analyzes scores/prepares summary	1 week
	5-Nov	Team Mgmt. Meeting - present initial scoring results	
6-Nov	16-Nov	Budget develops draft 5 year CIP	2 weeks
	19-Nov	Team Mgmt. Meeting - present draft CIP	
	27-Nov	Finance Committee: review draft CIP	

Action Items

- Continue to manage expenses with an eye toward FY13 year-end
- Look for ways to reduce growth in expenditures moving forward; implement ideas this year
 - How can we do things differently?
- Talk about capital planning within your work groups and with your peers
- Communicate and stay engaged

Action Items: November Report

- Recommendations for fund balance above 15%
 - Provide update on market-based study and compensation recommendations
- Recommendations for one-time capital project savings
 - Update project prioritization and draft CIP for FY14

FY12 Preliminary Results: General Fund Operating

	Original Budget	Revised Budget	Actual Amounts	Pos/(Neg) Variance	% of Budget
41 Taxes-Ad Valorem	46,977,637	46,977,637	46,800,092	(177,545)	99.6%
42 Other Taxes	15,439,305	15,439,305	16,258,875	819,570	105.3%
43 Intergov Revenue	10,963,573	11,294,176	10,860,618	(433,558)	96.2%
44 Licenses and Permits	4,781,500	4,781,500	4,723,209	(58,291)	98.8%
45 Sales and Services	5,502,240	4,280,646	4,469,653	189,007	104.4%
46 Investment Earnings	239,700	239,700	142,546	(97,154)	59.5%
48 Miscell Revenue	1,281,680	1,322,240	1,397,260	75,020	105.7%
Total Revenue	85,185,635	84,335,204	84,652,254	317,050	100.4%
Other Financing Sources:					
App Fund Balance	-	1,431,521	-	(1,431,521)	0.0%
Transfer from other Funds	2,407,320	2,416,020	2,408,688	(7,332)	99.7%
Debt Issued	-	11,067,872	11,067,871	(1)	100.0%
Sale of Capital Assets	53,000	53,000	77,437	24,437	146.1%
Total Other Financing Sources	2,460,320	14,968,413	13,553,995.63	(1,414,417.37)	90.6%
Total Revenue & Other Fin.	87,645,955.00	99,303,617.00	<u>98,206,249.37</u>	(1,097,367.63)	
Expenditures	87,645,955.00	99,303,617.02	<u>96,257,071.62</u>	3,046,545.40	96.9%
Revenues over Expenditures			<u>1,949,177.75</u>		
Expenditures (net refunding)	87,645,955.00	88,797,573.02	<u>85,751,027.62</u>	3,046,545.40	96.6%